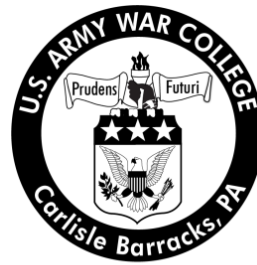


The Impact of United States Debt on American Power Projection

by

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United States Army War College
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USAWC STRATEGY RESEARCH PROJECT

THE IMPACT OF UNITED STATES DEBT ON AMERICAN POWER PROJECTION

by

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The United States is in the midst of a financial crisis created in large part by its ever-growing national debt. The circumstances leading to the debt have been building for over a decade and, if left unaddressed, will leave the United States unable to respond to traditional interests both at home and abroad. The founders of this nation recognized that sound national finances and robust financial institutions were critical to a strong economy and the government's ability to finance the extraordinary resources needed to prosecute a war. The amount of national debt that the United States currently carries will greatly impact its ability to raise funds for future power projection requirements, and potential adversaries who own large portfolios of American debt (such as China) may have the strategic ability to impact future U.S. policy. The ability to employ the elements of national power (Diplomacy, Information, Military, Economic) depends on adequate funding of the corresponding government agencies.

THE IMPACT OF UNITED STATES DEBT ON AMERICAN POWER PROJECTION

The most significant threat to our national security is our debt.

—Admiral Michael Mullen
Chairman, Joint Chiefs of Staff, 2011

The United States (U.S.) is in the midst of a financial crisis created in large part by the ever-growing national debt. The circumstances leading to the debt, including the financing of the Global War on Terror, have been building for many years and, if left unchanged, will leave the United States unable to respond to traditional interests both at home and abroad. The founders of this nation recognized that sound national finances and robust financial institutions were critical to a strong economy and the government's ability to finance the extraordinary resources needed to prosecute a war.¹ The amount of national debt that the United States currently carries will greatly impact its ability to raise funds for future power projection requirements, and potential adversaries who own large portfolios of American debt (such as China) will have the strategic ability to impact future U.S. policy.

This paper does not attempt to address the budgeting issues the United States government or its military must deal with on a yearly basis, but instead explores the ramifications of carrying such massive debt on the nation's ability to project power around the world. It will examine the strength of the American economy and the consequent robust capability to employ various elements of national power. It will acknowledge the care that the founding fathers took almost 300 years ago to establish strong American financial institutions and policies that would ensure capable armed forces. The paper concludes by addressing current military force projection tenets and the danger to them posed by the U.S. national debt load.

Power projection is the ability of a nation to apply all or some of its elements of national power - political, economic, informational, or military - to rapidly and effectively deploy and sustain forces in and from multiple dispersed locations to respond to crises, to contribute to deterrence, and to enhance regional stability.²

The U.S. has been a “superpower” since World War II and has actively promoted and projected a set of values that it believes makes the world safer and more productive for its inhabitants. The National Security Strategy identifies the pursuit of four enduring interests: *security, prosperity, values, and international order*. The pursuit of these interests are critical to securing our country and renewing American leadership in the years to come,³ which in turn benefits the community of nations.

The U.S. utilizes instruments of national power to influence, persuade, and motivate other nations and peoples to consider, accept and adopt human rights, free trade and forms of democracy for themselves with the idea that they will be better citizens of the world. The U.S. has used the military instrument of power over the last half century to respond to crises around the world, to deter national competitors of different ideologies, and to promote stability in regions prone to conflict. It has been able to do this because of its economic strength and standing in the world.

Founding Fathers' Vision

The founding fathers of the United States were truly insightful men. Their achievements in establishing this nation set into motion a process that would ultimately produce the superpower of today, championing freedom and free trade around the world. Alexander Hamilton, the nation's first Secretary of the Treasury, led the effort to establish financial institutions and policy for the new nation that would set it on a firm

course towards economic stability and put into place principles that still support America's ability to wield the national instruments of power today.

In 1789, the federal government's first issue was to establish a process to generate revenue for the new nation. One of the primary drivers of the American Revolution was the onerous and arbitrary taxes imposed on their North American colonies by the British government.⁴ Thus, the newly-independent Americans were leery of both taxes and a strong national government, a sentiment that would challenge the early leadership of the nation. Alexander Hamilton, in cooperation with Representative James Madison, worked to pass the nation's first revenue bill, called "An Act for laying a Duty on Goods, Wares and Merchandise Imported into the United States."⁵ As the second law enacted under the new constitution, it initiated a continual progression of efforts to raise revenues for future U.S. endeavors.

The second issue Hamilton addressed was the debt the colonies had amassed during the Revolution. Their obligations were unsalable and their ability to borrow was nonexistent in 1789.⁶ Hamilton studied Great Britain and other European nations and was impressed with their ability to raise large sums of money to support their war efforts.⁷ He knew that in the future his new nation would encounter conflict or emergencies that required a military response and he was determined that the U.S. would possess the ability to raise money, i.e. good credit, required to support such actions. So Hamilton brokered a deal to assume all the Revolutionary War debt from the states and issue new federal bonds backed by customs duties and taxes.⁸ This action helped to cement the union of the former colonies into one nation under a federal government and went a long way towards gaining the trust of future investors.⁹ In less

than five years, the U.S. had the highest credit rating available in Europe and had positioned itself economically with a sound credit foundation that would allow for borrowing to support future emergencies.¹⁰

Finally, to improve the credit of the U.S. government and stabilize the American financial system, Hamilton convinced the Congress to establish the First Bank of the United States in 1791. Its mission was to manage the finances of the nation (including federal bonds) and to improve the handling of the financial business of the U.S. government, thereby leading to a more secure and creditworthy nation. Hamilton can be credited with building robust financial institutions early in America's history that continue to serve the nation well today.

The foresight of Secretary Hamilton and the other founding fathers to establish economic structures to support anticipated conflicts and emergencies has stood the test of time. Revenue generation through taxes, deficit financing through federal bonds, and the central bank are still critical elements of today's strong American economic system. While public debt was considered by most leaders of the Revolutionary generation as a financial vulnerability, Hamilton embraced the need while understanding its limitations. Today, though, he would be fighting to reduce the huge national debt in order to be positively positioned for the next emergency or war requiring vast amounts of money and resources.

Since 1776, American leaders found ways to finance its wars. As World War II loomed on the horizon for the United States, Franklin Roosevelt's Secretary of the Treasury, Henry Morgenthau, Jr., began planning a national defense bond program in the fall of 1940. These ten-year "War Bond" instruments were sold starting at \$18.75,

yielding \$25 when redeemed to the government on their due date; denominations between \$50 and \$1000 were also issued. Ten-cent savings stamps could be purchased and collected in Treasury stamp albums if a citizen couldn't afford an actual bond.¹¹ Similar challenges faced other American leaders as they grappled with the requirements to resource other enormous endeavors.

Economic Advantage

The U.S. economy is the most powerful economic engine in the world in terms of Gross Domestic Product, commonly known as GDP. GDP is the total market value of all final goods and services produced in a country in a given year.¹² This includes private consumption + gross investment + government spending + (exports – imports). In 2010, the U.S. GDP was \$14.5 trillion, while the next highest belonged to China far behind at \$5.8 trillion.¹³ China's GDP is growing at a rate of approximately 10% per year compared to an annual growth rate of 1.7% in the United States (2011 figures). The magnitude of this overwhelming American economic advantage has been a tremendous benefit to U.S. policy makers as they implement national strategy around the world.

The U.S. GDP advantage has allowed the President and the Congress to maintain a military that, while not the biggest in the world, certainly is the most capable. With ample funding, the U.S. military has developed into a fighting force with capabilities far outstripping those of any potential adversaries. The technological advantage developed by the U.S. military-industrial complex coupled with the outstanding doctrine and training developed and employed by its military leaders has led to the most powerful armed forces in the world. A strong military used in conjunction with the

economic instrument of power has clearly put the U.S. in a strong position to deal with the other nations of the world over the last half century.

The U.S. economic advantage also benefits its diplomatic instrument of power. American diplomats employ a range of capabilities to execute their competencies of diplomacy, international development, partnership building, crisis response, and advancement of U.S. core interests.¹⁴ The Department of State (DoS) brings together critical competencies from across the interagency, including public health, agriculture, justice and law enforcement, as tools of diplomatic power to support the advancement of national interests abroad.

In addition to the expertise from the interagency pool of talent, the Secretary of State advances global U.S. national interests by allocating foreign aid through organizations like the United States Agency for International Development, private voluntary organizations like the National Endowment for Democracy, or foreign military sales. Other organizations like the Millennium Challenge Corporation, a separate U.S. government foreign aid organization, also provide aid aimed at economic growth in disadvantaged countries. Assisting less fortunate countries lift themselves out of poverty and develop the skills necessary for effective governance and economic management serve the U.S. national interest. Of course, the capability to sustain these and other vital diplomatic elements of power relies on a sound U.S. economy and federal budget.

Pressures on the U.S. budget force agencies across the government to prioritize and to work smarter with reduced resources. The Department of State is adapting its structure to take advantage of internal synergies by establishing the Under Secretary of

State for Economic, Energy, and Agricultural Affairs. This reorganization will bring together key economic and energy capabilities while providing cost savings.

The U.S. must compete in the information realm and the ability to exercise informational power is dependent on sufficient budgets and U.S. economic strength. The information environment has become much more complex since the advent of the Internet and the proliferation of mobile devices. It has created situations where almost anyone can have strategic effects and wield informational power by publishing a document or photograph on the Internet. To address this competition of ideas and information, the U.S. government has developed an array of programs to employ the information instrument of power.

The Department of State's Bureau of Educational and Cultural Affairs has a series of programs that provide engagement and foster mutual understanding with other countries. Additionally, the Bureau of International Information Programs operates over 700 "American Spaces...ranging from the traditional American Centers to its newest high-tech media platforms" to inform, engage, and influence international audiences. For 70 years, the Voice of America has broadcast accurate, objective, and comprehensive news around the world as a part of the Broadcasting Board of Governors' constellation of broadcast stations and programs.

The employment of the information instrument of power is definitely challenging for the U.S. given the range of competitors. Foreign nations, transnational organizations and even individuals have competing ideas that are not in America's national interests and require active and passive measures to combat. The Center for Strategic Counterterrorism Communications, an interagency initiative, was formed in

2010 to coordinate, orient, and inform government-wide public communications activities directed at audiences abroad and targeted against violent extremists and terrorist organizations.¹⁵ These tools, as extensive as they are, require significant resources to operate. While it is important to have a competent military and a skilled diplomatic corps, even the most powerful message depends on a well-resourced delivery infrastructure.

Debt Concerns

This economic competitive advantage enjoyed by the U.S. is not omnipotent. In early 2012, the U.S. federal debt topped the \$15 trillion dollar mark, equaling the U.S. GDP.¹⁶ In other words, the U.S. now owes creditors the same amount that the economy produces on a yearly basis. Policy makers must ask the question: “Is this a bad thing?” There are two key issues to concern them.

First, a high debt-to-GDP ratio is a concern of the markets. A market concerned with a nation’s debt ratio, and therefore its ability to pay its debts, will dictate a higher interest rate for the nation trying to borrow money. In late 2011, Italy experienced a loss of confidence by the international markets and was forced to pay much more expensive rates for borrowing money to keep its government solvent. The interest rate on Italian ten-year government bonds quickly rose to a high of 7.4% on November 9, 2011;¹⁷ only a year before, the same bonds cost less than 4%. This is a very costly way to borrow money. As a comparison, the rate for a ten-year U.S. Treasury bond in the same month was hovering around 2%.

With the borrowing rates being very cheap for the U.S., there is also a potential danger associated with massive borrowing at cheap rates now and then rolling over that

debt in two, five, or ten years from now when it comes due at potentially higher rates. If the U.S. continues to deficit-finance in excess of one trillion dollars per year, the markets will assign greater risk to U.S. bonds and demand higher interest rates. The consequent higher costs for the nation to service its debt will ultimately lead to smaller amounts of discretionary spending.

This is exactly what happened to Italy. In Italy's case, lenders became overly concerned with debt levels and its ability to pay the debt. The lack of lenders providing rollover funds for Italian debt coming due put them in a default situation. Italy was forced to dramatically change internal policies, such as retirement age and benefits, in order to reduce government expenditures and secure additional funding.

U.S. government deficit financing of its operations through the issuance of debt is a potential risk that must be factored into the economic decisions made by U.S. leaders. Grossly overextending ultimately leads to default on obligations, leading to massive losses and a dramatic drop in the U.S. economy and prestige. The U.S. must sustain the confidence of the world markets to maintain its economic power and the ability to project that power as a tool of influence.

A second concern for the United States is the reduced discretionary segment of the budget caused by alarming increases in mandatory spending for the Social Security, Medicare, and Medicaid programs, coupled with the requirement to service the \$15 trillion debt. A breakout of federal government outlays shows 55% of the budget currently goes toward "mandatory" spending, 39% toward "discretionary" spending, and the remaining 6% to service the federal debt.¹⁸ These mandatory spending items consume progressively larger portions of the budget every year and reduce the

discretionary funds available for other programs, including defense. Defense spending primarily comes from the discretionary spending category. Declining resources will put pressure on the ability of the Departments of Defense (DoD) and State to project force and maintain current foreign aid and engagement programs around the world.

The last time the U.S. debt-to-GDP ratio rose above 100% was in the post-World War II years. The ratio doubled during the war, raising it in 1945-47 to the highest levels ever at 117%, 121% and 110%.¹⁹ Recognizing the importance of sound finances, economic stability, and the ability to raise large sums of money quickly for national emergencies, President Truman and the Congress took courageous political action. As the nation approached the economic brink, they reduced the federal debt ratio to 75% within five years and continued this trend until it reached 32.5% through a combination of restrained government spending and a growing economy; this ratio lasted until President Reagan began to rebuild the nation's armed forces in 1980.

The Global War on Terror and the 2008 financial market crash caused the ratio to balloon to 100% by 2012. Our national leaders must recognize the importance of the economy to the instruments of national power. Allowing the debt to grow unconstrained will negatively impact the ability to project national power.

Because U.S. federal Treasury bonds (debt) are among the safest in the world, non-American investors have consistently preferred them, especially during periods of unrest such as the 2008 market crash. But as the world economic situation reverts to a more stable stance, those investors may leave American bonds for other, more lucrative investments. This could put pressure on the U.S Federal Reserve System Board of

Governors to raise interest rates on Treasury bonds, driving up costs for debt service and further reducing discretionary spending, which impacts power projection.

Flush with cash due to its rapidly growing economy, China held \$1.1 trillion in U.S. securities in November 2011, or almost 23 percent of all foreign-held U.S. debt. There is a risk that China could attempt to influence the U.S. if it decided to manipulate U.S. markets by dumping, or threatening to dump, its large stake in Treasury bond holdings; China has used this tactic with other nations. It has used its large position, or potential large investments, to extract favorable terms in resources negotiations. While not directly confronting the U.S. using this tactic, China certainly has used it with countries the U.S. competes in. China could also simply allow the bonds to mature instead of reinvesting them, requiring the U.S. Treasury to pay them off and causing interest rates to rise. Larger national debt, including that held by foreign countries, brings higher levels of risk with it. The government need to mitigate this risk as it develops fiscal and monetary policy.

The U.S. military has enjoyed a period of expansion over the last ten years in response to its requirement to prosecute the Global War on Terror and two wars in Iraq and Afghanistan. The U.S. Congress supported the war efforts with tremendous amounts of resources financed primarily through deficit financing using U.S. government bonds in accordance with the process envisioned by the founding fathers. But the dramatic increase in federal debt accumulated to support the wars and the recovery from the 2008 financial markets collapse is putting pressure on the American economic system.

The U.S. has now gone three years with \$1 trillion-plus deficits with a forecasted fourth year over \$1 trillion for Fiscal Year 2013.²⁰ This dramatic increase in national debt, coupled with mandatory entitlement programs have the potential to destabilize the U.S. budget and quickly siphon off discretionary funds needed for other priorities, such as defense. Donald Marron stated in his essay *America in the Red*, "...regaining fiscal stability is a time-consuming endeavor."²¹ Congress and the President have recognized that the federal government cannot sustain its current path and have put the Department of Defense on notice for reducing expenditures. Some of the proposed defense budget cuts threaten its ability to project power around the world.

So how will the U.S.'s ability to employ the military instrument of power and project force around the world be affected, given the massive upswing in federal debt? Strategic guidance is critical. The President and Secretary of Defense have established the priorities and identified risks that they are willing to accept. The military departments must then work within the guidance and the budget constraints to array capabilities in support of the strategy. The next section will discuss the debate over forward presence versus strategic deployment.

Force Projection

The concept of *forward presence* has been a part of U.S. strategy for over sixty years. The U.S. has stationed troops overseas since the end of World War Two, initially as occupation forces in Germany, Italy and Japan. As the looming threat of Communism moved to the forefront of U.S. security concerns, these troops under the North Atlantic Treaty Organization shifted to the role of deterring Soviet aggression against Western Europe.

Forward presence forces remained in Korea after that conflict ended active hostilities in 1953. For many years, U.S. Navy and Air Force personnel were stationed in the Philippines, bordering the South China Sea, as deterrence against Chinese Communism in that region. Ultimately, these relationships transitioned into mutually beneficial security arrangements and strong alliances.²²

In November 2011, President Obama announced that U.S. forces would maintain a rotational presence in Australia to build capacity and cooperation with the Australian military while counterbalancing China's growing power in the economically important Asia Pacific region.²³ Certainly, there are strategic and political reasons impacting the stationing of U.S. troops in Australia, but budget pressures on a nation similar to what the U.S. is experiencing now can dictate how a nation projects force. Limited resources will force a military into partnering with other nations to an even greater extent than they might otherwise do. Nations experiencing fiscal pressures will look to other avenues for pooling resources to gain the same deterrent effect against their adversaries.

Since the end of the first Iraq War (Operations *Desert Shield/Desert Storm*), the U.S. restationed many troops previously from their forward presence mission in Europe to the continental United States. The number of troops in Germany alone went from approximately 250,000 to 105,000 in 1993 and has further declined to just 62,000 troops today.²⁴ The implication of this action is those troops are now 4000 miles further away from the European theater and would require strategic lift to deploy there or to other areas close to Europe.

The U.S. has the finest strategic airlift assets in the world. Principally because of their cost, no other nation comes close to the capabilities of the U.S. Air Force.

Strategic airlift is expensive but much more responsive than the less expensive but slower strategic sealift mode. This expense makes strategic airlift a lucrative target for budget reductions.

In the recent *Defense Budget Priorities and Choices* document released by Department of Defense in January 2012, “It recognizes that we do not need to retain the airlift capacity to support two large, simultaneous and rapidly developing ground campaigns.” As a result, the Air Force has slated for retirement 27 C-5A Galaxy and 65 C-130 Hercules cargo aircraft.²⁵ Strategic guidance, influenced by fiscal pressures, changed the presidential mandate that the military must be able to support two simultaneous ground campaigns to “defeat a major adversary in one theater while denying aggression elsewhere or imposing unacceptable cost.” Nonetheless, this logical, priorities-based decision has limited American ability to project force around the globe.

The tradeoff for reduced strategic airlift is the employment of strategic sealift or the prepositioning of supplies and equipment in theater. Surface transportation is significantly less expensive, but also much less responsive. Prepositioning of equipment on land or afloat is responsive but requires periodic maintenance and stock rotations and the purchase of additional equipment fenced from normal use. There is a cost associated with equipping and maintaining these sets and limited budget resources will inevitably drive fewer available sets.

Currently, the Army and the Defense Logistics Agency maintain prepositioned equipment sets and supplies in Kuwait, Qatar, Japan, Korea, and Italy.²⁶ The Navy’s Military Sealift Command (MSC) manages sixteen Maritime Prepositioning Force ships

in support of the Marine Corps in the eastern Atlantic Ocean and western Mediterranean Sea, near Diego Garcia and throughout the western Pacific Ocean. MSC also stores gear and munitions for the Army (five vessels at Diego Garcia) and for all services aboard the seven NDAF (Navy, Defense Logistics Agency and Air Force) ships operating around the world.²⁷

The naval and air domains will remain the primary tools for U.S. force projection as the military endeavors to preserve access to the global commons and strengthen partners as directed in the National Security Strategy.²⁸ The formidable presence of an American aircraft carrier strike group operating off the shore of a potential adversary or monitoring the vital Straits of Hormuz or Malacca cannot be overstated; even the boldest dictator will think twice about belligerence. The U.S. Air Force brings to bear an equally menacing force projection capability as it can reach virtually any location in the world if needed. The ability to establish and maintain air bridges and establish air superiority or supremacy is reassuring to U.S. ground forces and allies alike. The U.S. competitive advantage in these areas effectively support the pursuit of nation interests around the globe. But these capabilities require a commitment of resources that depend on federal funding.

The 2012 *Defense Budget Priorities and Choices* document goes beyond reductions to airlifters. The announced \$400 billion DoD budget reductions over ten years require changes from the way the U.S. military has been operating. Early retirement of major weapon systems, delayed procurement of new, more effective or lethal equipment and reductions in weapons purchases will further impact force projection capability. To compensate, joint force commanders are experimenting with

accepting more risk by developing innovative, low-cost, small-footprint approaches that they otherwise would not have to develop.²⁹

China: A Future Threat?

As the U.S. works through its current economic challenges and deals with resulting reductions to military budgets, a potential adversary is rising in East Asia: China. China is in the midst of a prolonged economic surge. This growing economic power is allocating more fiscal resources to support its emergence as a formidable player on both regional and global stages. China's average annual GDP growth rate of ten percent over the last ten years enables it to upgrade its military in or near the South China Sea, especially the People's Liberation Army Navy (PLAN).

In response to China's desires for regional hegemony, President Obama announced a strategy change shifting American focus to the U.S. Pacific Command's theater while still maintaining commitments to Europe. To maintain the preeminent position it has enjoyed in the Pacific Ocean and South China Sea since World War Two, America will "rebalance toward the Asia-Pacific region."³⁰

Alliance commitments and freedom of navigation in the global commons drive the U.S. to maintain a presence and project force into the Western Pacific and South and East China Seas. The U.S. interacts closely with allies, including Australia, Japan, Philippines, Singapore, South Korea, and Thailand, and trading partners in the region for economic and security reasons. Maritime access is important since nearly a quarter of the world's trade passes through the South China Sea, much of it transiting to and from China. China's increasingly bold actions in the South China Sea increase the potential for a U.S. response in support of an ally.

China's economy has been rising and demands natural resources to sustain the growth. According to Sarah Raine from the International Institute for Strategic Studies, Chinese "...resource nationalists in and out of government have been advocating a more interventionist approach toward the exploration for hydrocarbons and the protection of fisheries in the South China Sea."³¹ The South China Sea is increasingly exploited for oil and other minerals by all the nations in the region. This exploration creates friction with the Chinese due to sovereignty issues.

China has long claimed most of the South China Sea as its sovereign territory and has stepped up efforts diplomatically and militarily to bolster its claim. The famous nine-dashed-line map of China's claim first appeared in 1947 from the Republic of China government and was adopted by the new Communist People's Republic of China in 1949. The line does not meet international law in the form of the *United Nations Convention on the Law of the Sea* (UNCLOS) and is not recognized by any of China's neighboring countries or the United States. UNCLOS defines the rights and responsibilities of nations in their use of the world's oceans, establishing guidelines for businesses, the environment, and the management of marine natural resources.

American military capabilities are mature and far exceed what the Chinese military can bring to bear in the South China Sea today. It is important that the U.S. consider the military implication of increasing Chinese capabilities in this area. The U.S. must maintain a force projection capability to assure access to this region so it can influence competitors and partners for a long-term stable environment.

Conclusions

Since the birth of the United States, its ability to finance a military to fight the nation's wars and respond to emergencies has been critically important. Sound national finance is critical to having a strong military. In *The Price of Liberty*, Robert Hormats succinctly states, "If the country chronically lives beyond its means or misallocates its financial resources, it risks eroding its economic base and jeopardizing its ability to fund its national security interests." The U.S. economy is a national security interest.

America's ability to employ the diplomatic, information and military instruments of power is underpinned by the economic instrument of power. The perennially strong economy of the U.S. has enabled American leaders to back up diplomacy, information power and military power with money to execute a vast array of options. The leaders of the world know that the U.S. is in a better position than any other country to use its instruments of power because of this economic advantage. Deficit financing is putting pressure on the U.S. economy, which is starting to impact the other instruments of national power and will potentially affect its ability to project power around the world as Americans have seen in the past and expect today.

America's fiscal history reveals that U.S. leaders always find a way to ensure that money is available to respond to emergencies and threats around the globe. But, history's other lesson is that when a country loses the confidence of investors around the world to repay its debts, the cost of borrowing money becomes so expensive that it hampers the very economic instrument of power that is the foundation of all power projection.

Michael Lewis, in *Boomerang: Travels in the New Third World*, asserts that Americans think that this borrowing is worth the future difficulty. "But in making that

bargain they are implying that when the future difficulty arrives, they'll figure it out." So far, America's leaders have figured it out. Whether the United States continues on the current financial course, returns to a more realistic funding stream, or descends into a depression, its economy and national debt affects America's instruments of national power and her ability to project power around the world.

Endnotes

¹ Robert D. Hormats, *The Price of Liberty* (New York: Holt and Company, 2007), 58.

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